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FISCAL IMPACT STATEMENT

LS 6456

BILL NUMBER: SB 263

NOTE PREPARED: Dec 15, 2009

BILL AMENDED:

SUBJECT: Retirement Benefit Adjustment.

FIRST AUTHOR: Sen. Skinner

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the pension portion of the monthly benefit payable to a member of the Indiana State Teachers' Retirement Fund (TRF) who retired before January 1, 1979, and has at least 20 years of creditable service may not be less than \$500.

Effective Date: January 1, 2011.

Explanation of State Expenditures: *Summary:* The annual cost is the increase in the amount of benefits paid each year. This is estimated to be approximately \$1.6 M in the first year and would decline slowly in subsequent years. The fund affected is the state General Fund. The increase in the unfunded accrued liabilities is approximately \$10 M.

Background Information: According to the July 1, 2007, valuation, 1,902 retirees (and their surviving beneficiaries) met the requirements of retiring before January 1, 1979, with at least 20 years of creditable service. Of those retirees, 774 were reported as receiving less than \$500 per month. An additional 143 were reported as receiving at least \$500 per month, but their beneficiary is currently scheduled to begin receiving less than \$500 per month upon the member's death.

All affected members and beneficiaries are members of the Pre-1996 Fund. The Pre-1996 Fund is on a pay-as-you-go basis.

According to the actuary for the TRF, any re-measuring of the impact of this proposal would likely reduce the costs listed above, but not materially.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: TRF.

Local Agencies Affected:

Information Sources: John Dowell, Nyhart Group, actuaries for TRF, 317-845-3580.

Fiscal Analyst: James Sperlik, 317-232-9866.